

ALLEN PARISH WARD 3 FIRE PROTECTION  
DISTRICT NO. 2  
Reeves, Louisiana

A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
ANNUAL FINANCIAL STATEMENTS

As of and For the Year Ended July 31, 2013

STUTZMAN & GATES, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
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Allen Parish Ward 3 Fire Protection District No. 2  
Annual Financial Statements  
As of and for the Year Ended July 31, 2013  
With Supplementary Information Schedules

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# Stutzman & Gates, LLC

## *Certified Public Accountants*

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

### INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Commissioners  
Allen Parish Ward 3 Fire Protection District No. 2  
Reeves, Louisiana

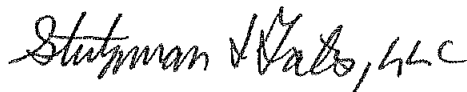
We have compiled the accompanying financial statements of the governmental activities and each major fund of the Allen Parish Ward 3 Fire Protection District No. 2 (the District), component unit of the Allen Parish Police Jury, as of and for the year ended July 31, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Allen Parish Ward 3 Fire Protection District No. 2 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been compiled by us without audit or review and accordingly, we do not express an opinion or provide any assurance on it.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.



Stutzman & Gates, LLC  
January 14, 2014

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
STATEMENT OF NET POSITION - Governmental Activities  
July 31, 2013

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash	\$ 218,611
Receivables	66
Prepaid insurance	4,070
Other assets	685
Capital assets (net)	661,749
Bond issuance cost (net of accumulated amortization)	4,880
TOTAL ASSETS	890,061
<b>LIABILITIES</b>	
Accounts payable	828
Interest payable	3,675
Bonds payable:	
Portion due within one year	26,000
Long-term portion of bonds payable	254,000
TOTAL LIABILITIES	284,503
<b>NET POSITION</b>	
Net investment in capital assets	381,749
Restricted for debt service	145,352
Unrestricted	78,457
TOTAL NET POSITION	\$ 605,558

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
STATEMENT OF ACTIVITIES  
For the Year Ended July 31, 2013

Governmental Activities	Expenses	Program Revenues			Governmental Activities
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Change In Net Position
General government	\$ 121,753	\$ -	\$ -	\$ 6,226	\$ (115,527)
Interest	9,557	-	-	-	(9,557)
Total governmental activities	<u>\$ 131,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,226</u>	<u>\$ (125,084)</u>
GENERAL REVENUES:					
Ad valorem taxes					100,393
Interest					162
Total General Revenues					<u>100,555</u>
CHANGE IN NET POSITION					(24,529)
NET POSITION - BEGINNING					<u>630,087</u>
NET POSITION - ENDING					<u>\$ 605,558</u>

See accompanying notes and independent accountant's compilation report.

## FUND FINANCIAL STATEMENTS



ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
Balance Sheet, Governmental Funds  
July 31, 2013

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS AND OTHER DEBITS</b>			
Assets:			
Cash	\$ 75,079	\$ 143,532	\$ 218,611
Due from other fund	-	1,795	1,795
Other assets	685	-	685
Receivables	41	25	66
	<u>41</u>	<u>25</u>	<u>66</u>
TOTAL ASSETS	<u>\$ 75,805</u>	<u>\$ 145,352</u>	<u>\$ 221,157</u>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>			
Liabilities:			
Accounts payable	\$ 828	\$ -	\$ 828
Due to other fund	1,795	-	1,795
	<u>1,795</u>	<u>-</u>	<u>1,795</u>
TOTAL LIABILITIES	<u>2,623</u>	<u>-</u>	<u>2,623</u>
Equity and Other Credits:			
Fund Balances:			
Nonspendable - prepaids	685	-	685
Restricted for:			
Debt service	-	145,352	145,352
Unassigned	72,497	-	72,497
	<u>72,497</u>	<u>-</u>	<u>72,497</u>
TOTAL EQUITY AND OTHER CREDITS	<u>73,182</u>	<u>145,352</u>	<u>218,534</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u>\$ 75,805</u>	<u>\$ 145,352</u>	<u>\$ 221,157</u>

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
For the Year Ended July 31, 2013

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS AT JULY 31, 2013	\$ 218,534
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, net of accumulated depreciation	661,749
Bond issuance cost which are reported as expenditures in the year incurred in governmental funds are deferred and amortized in the statement of activities	4,880
Certain insurance cost which are reported as expenditures in the year incurred in the governmental funds will benefit future periods and are recorded as prepaid insurance on the statement of net position	4,070
Certain liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the statement of net position:	
Bonds payable	(280,000)
Accrued interest payable	<u>(3,675)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES AT JULY 31, 2013	<u>\$ 605,558</u>

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended July 31, 2013

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Ad valorem taxes	\$ 56,528	\$ 43,865	\$ 100,393
Interest	67	95	162
Other income	6,476	-	6,476
Total Revenues	<u>63,071</u>	<u>43,960</u>	<u>107,031</u>
<b>EXPENDITURES</b>			
Current:			
Advertising	520	-	520
Bookkeeping	1,950	-	1,950
Fire chief compensation	3,600	-	3,600
Fuel	2,835	-	2,835
Insurance	18,115	-	18,115
Legal & professional	3,870	1,070	4,940
Miscellaneous	238	249	487
Office supplies	1,256	-	1,256
Per diem	1,750	-	1,750
Repairs & maintenance	7,443	-	7,443
Sewer fee	195	-	195
Training	2,287	-	2,287
Utilities	6,410	-	6,410
Volunteer firefighter compensation	130	-	130
Capital outlay	13,162	-	13,162
Debt service:			
Principal retirement	-	25,000	25,000
Interest	-	11,270	11,270
Bond fees	-	250	250
Total Expenditures	<u>63,761</u>	<u>37,839</u>	<u>101,600</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENDITURES</b>	<u>(690)</u>	<u>6,121</u>	<u>5,431</u>
<b>NET CHANGE IN FUND BALANCES</b>	(690)	6,121	5,431
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>73,872</u>	<u>139,231</u>	<u>213,103</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 73,182</u>	<u>\$ 145,352</u>	<u>\$ 218,534</u>

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT, NO. 2  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Reeves, Louisiana  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended July 31, 2013

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS INCREASE (DECREASE)	\$ 5,431
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay:

Capital outlay	\$ 13,162	
Depreciation expense	<u>(70,006)</u>	(56,844)

In the statement of activities some expenses do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Accrued interest expense	1,714
Bond issue amortization expense	(539)

The governmental funds report certain expenditures when paid, where the statement of activities record expenditures in the period benefited as follows:

Prepaid insurance	(361)
Bond issuance cost	1,070

Repayment of bond principal is an expenditure in the governmental funds, but reduces liabilities in the statement of net position

<u>25,000</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (24,529)</u>
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See accompanying notes and independent accountant's compilation report.

## NOTES TO THE FINANCIAL STATEMENTS

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**

Reeves, Louisiana

Notes to the Financial Statements

As of and for the Year Ended July 31, 2013

**INTRODUCTION**

Allen Parish Ward 3 Fire Protection District No. 2 was created under the provisions of Louisiana Revised Statutes 40:1492-1501. The District was created for the purpose of providing fire protection for the people of Ward 3 of Allen Parish. The District is governed by five commissioners whom are appointed by the Allen Parish Police Jury and are compensated on a per diem basis. The District utilizes volunteer firemen.

Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the Commissioners. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, ability to impose a financial benefit/burden, fiscal dependency, and other general oversight responsibility.

Based on the foregoing criteria, Allen Parish Ward 3 Fire Protection District No. 2 has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of Ward 3 Fire Protection District No. 2 of Allen Parish, Louisiana. The District is a component unit of the Allen Parish Police Jury.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Allen Parish Ward 3 Fire Protection District No. 2 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Such accounting and reporting procedures also conform to the requirements of the Louisiana Revised Statutes 24.517 and to the guidance set forth in the industry audit guide, Audits of State and Local Governments, issued by the American Institute of Certified Public Accountants and the Louisiana Governmental Audit Guide.

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Allen Parish Ward 3 Fire Protection District No. 2. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

### **B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses are measured and reported using the economic resources measurement focus and accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District maintains two funds. They are categorized as governmental funds. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds are described below:

1. General Fund –the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Debt Service Fund – is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

# **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

## **C. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Allen Parish Ward 3 Fire Protection District No. 2's investment policy allow the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

## **D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The District does not use a valuation account for bad debts and considers its method to not result in an outcome that differs materially from results if the allowance method had been used.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized And Levied Millage
Taxes due for:	
Maintenance	8.95 mills

## **E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of July 31, 2013, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Allen Parish Ward 3 Fire Protection District No. 2 maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.



# **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	35 years
Equipment	7-10 years
Vehicles	20 years

## **F. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities type statement of net position. Issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **G. Equity Classifications**

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance of the governmental funds are classified as follows:

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal decision of the Fire District's Board of Commissioners ( the District's highest level of decision-making authority),
4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority, and
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

The calculation of fund balance amounts begins with the determination of non-spendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of July 31, 2013, the District did not have any assigned or committed fund balances. The District had a non-spendable fund balance in the general fund of \$685 for prepaid insurance and a restricted fund balance in the debt service fund of \$145,352 for future debt service.

**H. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Allen Parish Ward 3 Fire Protection District No. 2 uses the following budget practices:

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The proposed budget is presented to the District's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. There were no amendments to the budget in 2013.

## 3. CASH AND CASH EQUIVALENTS

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement that is approved by the Board of Commissioners, the District maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Interest rate risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk. The District places no limit on the amount the District may invest in any one issuer.

At July 31, 2013, the Allen Parish Ward 3 Fire Protection District No. 2 has cash and cash equivalents (book balances) totaling \$218,611 as follows:

Interest-bearing demand deposits	\$ 218,611
Time deposits	-
Other	-
Total	<u>\$ 218,611</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At July 31, 2013, the Allen Parish Ward 3 Fire Protection District No. 2 has \$218,997 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

## 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables/payables consist of the outstanding balances from activity between funds. These balances are expected to be repaid during 2013.

Due To/From Other Funds:

Receivable Fund	Payable Fund	
Debt Service Fund	General Fund	\$ 1,795
	Total	<u>\$ 1,795</u>

Allen Parish Ward 3 Fire Protection District No. 2  
Notes to the Financial Statements (Continued)

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended July 31, 2013, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings & building improvements	\$ 165,125	\$ -	\$ -	\$ 165,125
Equipment	220,718	13,162	-	233,880
Vehicles	920,833	-	-	920,833
Total capital assets being depreciated	<u>\$ 1,306,676</u>	<u>\$ 13,162</u>	<u>\$ -</u>	<u>\$ 1,319,838</u>
Less accumulated depreciation for:				
Buildings & building improvements	\$ 82,712	\$ 7,431	\$ -	\$ 90,143
Equipment	134,262	17,706	-	151,968
Vehicles	371,109	44,869	-	415,978
Total accumulated depreciation	<u>\$ 588,083</u>	<u>70,006</u>	<u>\$ -</u>	<u>\$ 658,089</u>
Total capital assets being depreciated, net	<u>\$ 718,593</u>	<u>\$ (56,844)</u>	<u>\$ -</u>	<u>\$ 661,749</u>

Depreciation expense of \$70,006 for the year ended July 31, 2013 was charged to the following governmental functions:

General Government	<u>\$ 70,006</u>
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**6. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended July 31, 2013.

	Bonded Debt
Long-term obligations at Beginning of Year	\$ 305,000
Additions	-
Deductions	<u>25,000</u>
Long-term obligations at End of Year	<u>\$ 280,000</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of July 31, 2013.

	Bonded Debt
Current portion	\$ 26,000
Long-term portion	<u>254,000</u>
Total	<u>\$ 280,000</u>

## 6. LONG-TERM OBLIGATIONS

The District bond outstanding at July 31, 2013 is a general obligation bond with maturities to 2022 and an interest rate of 3.15%. Bond principal and interest payable in the next fiscal year are \$26,000 and \$8,820 respectively. The individual issue is as follows:

Bond	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
C.O.I. Series 2007-A	\$ 357,000	3.15 %	March 1, 2022	\$ 46,683	\$ 280,000	Ad valorem taxes

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the District. At July 31, 2013, the Allen Parish Ward 3 Fire Protection District No. 2 has accumulated \$143,532 in the debt service fund for future debt requirements. The bonds are due as follows:

Year Ending July 31,	Principal Payments	Interest Payments	Total
2014	\$ 26,000	\$ 8,820	\$ 34,820
2015	27,000	8,001	35,001
2016	28,000	7,151	35,151
2017	30,000	6,268	36,268
2018	31,000	5,324	36,324
2019-2022	138,000	11,119	149,119
Total	<u>\$ 280,000</u>	<u>\$ 46,683</u>	<u>\$ 326,683</u>

In accordance with R.S. 39:562, the Allen Parish Ward 3 Fire Protection District No. 2 is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At July 31, 2013 the statutory limit is \$3,984,278 and outstanding bonded debt totals \$280,000.

On September 1, 2012, the District negotiated a lower interest rate on the outstanding \$305,000 of C.O.I. Series 2007-A. This resulted in a decrease in total debt payments over the next 9 years and a decrease in the maximum interest rate changed from the original 4.24% to the new maximum rate of 3.15%.

## 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District did not reduce insurance coverage during the year ended July 31, 2013.

**8. PER DIEM**

As provided by Louisiana Revised Statute 40:1498, each commissioner may receive \$25 per diem for attending regular and special monthly meetings. A detail of compensation paid to the President of the Board, board members, and fire chief for the year ended July 31, 2013 follows:

Carl Ritter	\$ 325
Luther Miller	300
Georgia Fruge, President	350
Rusty Reeves	200
Paula Lee	300
Allen Hurlburt, Fire Chief	<u>275</u>
Total	<u>\$ 1,750</u>

**9. SUBSEQUENT EVENT REVIEW**

The District's management has evaluated subsequent events through January 14, 2014, the date which the financial statements were available to be issued.

**10. NEW ACCOUNTING PRONOUNCEMENTS**

In April 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 65, "Items Previously Reported as Assets and Liabilities." The statement clarifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of GASB No. 65 must be implemented by the District for the year ending July 31, 2014. The effect of implementation on the District's financial statements has not yet been determined.

In June 2012, the GASB approved Statement No. 67, "Financial Reporting for Pension Plans" and Statement No. 68, "Accounting and Financial Reporting for Pensions". GASB Statement No. 67 replaces the requirements of GASB Statement Nos. 25 and 50 relating to financial reporting and note disclosures of pension plans. GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No. 67. The provisions of GASB Statement No. 67 must be implemented by the District for the year ending July 31, 2014 and provisions of GASB Statement No. 68 must be implemented by the District for the year ending July 31, 2015. The effect of implementation of these statements on the District's financial statements has not yet been determined.

**11. ACCOUNTING CHANGE**

The District adopted Governmental Accounting Standards (GASB 63) for the fiscal year ended July 31, 2013. The statement provides guidance for reporting the financial statement elements of *deferred outflows of resources and deferred inflows of resources*. It also reports net position instead of net assets.

The District also adopted GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements" for the fiscal year ended July 31, 2013.

## REQUIRED SUPPLEMENTARY INFORMATION

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2**  
**A Component Unit of the Allen Parish Police Jury**  
**Governmental Funds - General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended July 31, 2013**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Ad valorem taxes	\$ 56,650	\$ 56,528	\$ (122)
Interest	30	67	37
Other revenues	6,226	6,476	250
Total Revenues	<u>62,906</u>	<u>63,071</u>	<u>165</u>
<b>EXPENDITURES</b>			
Current:			
Advertising	600	520	80
Bookkeeping	1,800	1,950	(150)
Fire chief compensation	3,600	3,600	-
Fuel	3,200	2,835	365
Insurance	18,050	18,115	(65)
Legal & professional	3,615	3,870	(255)
Miscellaneous	-	238	(238)
Office supplies	1,000	1,256	(256)
Per diem	1,600	1,750	(150)
Repairs & maintenance	15,000	7,443	7,557
Sewer fee	180	195	(15)
Training	2,500	2,287	213
Utilities	5,000	6,410	(1,410)
Volunteer firefighter compensation	-	130	(130)
Capital outlay	5,000	13,162	(8,162)
Total Expenditures	<u>61,145</u>	<u>63,761</u>	<u>(2,616)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,761</u>	<u>(690)</u>	<u>(2,451)</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,761	(690)	(2,451)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>73,872</u>	<u>73,872</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 75,633</u>	<u>\$ 73,182</u>	<u>\$ (2,451)</u>

**Notes to the Schedule:**

The budget is adopted on a basis consistent with generally accepted accounting principles.

The following expenditures were underbudgeted by 10% or more: miscellaneous, office supplies, utilities, volunteer firefighter compensation, and capital outlay.

There were no amendments to the budget for the year ending July 31, 2013.

See independent accountant's compilation report.